REQUEST FOR INFORMATION

PERFORMANCE INCENTIVES IN NIAID BASIC AND VACCINE RESEARCH CONTRACTS

POC: Paul D. McFarlane, Senior Contracting Officer, (301) 496-0349. **THIS IS NOT A SOLICITATION OR RFP. NO PROPOSALS ARE SOUGHT.** Any responses to this Request for Information (RFI) should be submitted by Monday, January 22, 2001. This notice consists of four parts: Part I, Introduction; Part II, Background; Part III, Areas In Which Information Is Sought, and; Part IV, How To Respond To This Notice.

I. INTRODUCTION: The following is a Request for Information (RFI). This synopsis is for information and planning purposes and does NOT constitute a Request for Proposal (RFP). It is issued under the authority of FAR 15.201("Exchanges of information before receipt of proposals"). FAR 11.101 ("Order of precedence for requirements documents") requires agencies to develop requirements documents to meet agency needs that utilize performance-oriented documents based on voluntary industry consensus standards to the maximum extent practicable. To similar effect, FAR Subpart 37.6 ("Performance-Based Contracting")(FAC 97-18, 6/6/00), and the Office of Federal Procurement Policy's (OFPP) "A Guide to Best Practices for Performance-Based Service Contracting"(Oct. 1998), encourage agencies to use performance-based contracting methods that describe work requirements in terms of results required rather than the methods of performance of the work, establish objective measurable performance standards for key elements of the work, use a quality assurance surveillance plan(QASP) to measure work accomplishment against the standards, and use performance incentives to encourage contractors to meet and/or exceed the referenced standards. These referenced documents may be accessed electronically at the OFPP website located at http://www.arnet.gov. Please frame any responses to this notice in accordance with the policies contained in these references.

II. BACKGROUND: NIAID, an Institute of the NIH, provides the major support for scientists conducting research aimed at developing better ways to diagnose, treat and prevent the many infectious, immunologic and allergic diseases that afflict people worldwide. Specifically, NIAID conducts basic research and vaccine research in the following areas: AIDS, Asthma and Allergic Diseases, Emerging Diseases, Enteric Diseases, Genetics and Transplantation, Immunologic Diseases, Malaria and Other Tropical Diseases, Sexually Transmitted Diseases, and Vaccine Development. For additional information on NIAID's mission see: http://www.niaid.nih.gov/facts/overview.htm Because of the lack of precise specifications and difficulties in estimating costs with accuracy, NIAID has historically used cost-reimbursement contracts when contracting for basic research. The cost-plus-fixed-fee (CPFF) is commonly used in basic research contracts with commercial organizations (in either its completion or term forms), and the cost contract(no fee) is commonly used in such contracts with nonprofit educational institutions(colleges and universities) and other nonprofit research organizations. These contract types do not contain performance incentives based on the quality, timeliness, cost, or other elements of the work performed. The purpose of this notice is to request information

from interested parties, including potential offerors, about the feasibility of incorporating performance incentives into cost-reimbursement basic research contracts at NIAID, and to request information on the structure and administration of any incentives, including problems expected to be encountered and solutions proposed.

III. AREAS IN WHICH INFORMATION IS SOUGHT: Information and comments are solicited regarding the following Discussion Areas: (1) What are the key elements of the process of conducting basic research that are critical to successful outcomes and results? Which elements motivate research personnel and research organizations? What research performance requirements, e.g., tasks and deliverables, are susceptible to measurement? Discussion Area (2): What standards can or should be used to measure unsatisfactory, satisfactory, and outstanding achievement of the performance requirements identified in Discussion Area (1) above? What are the best sources of performance standards? Should standards be expressed in terms of technical performance (quality), timeliness (schedule), cost control, or some combination of these parameters? Discussion Area (3): What surveillance and measurement techniques can or should be used to determine whether the standards identified in Discussion Area (2) above are not achieved, achieved, or exceeded? Discussion Area (4): What types of incentive contracts may be appropriate for use in basic and vaccine research efforts to motivate the contractor to meet and exceed the standards identified in Discussion Area (2) above? FAR Subpart 16.4 discusses two basic categories of incentive contracts, the fixed-price incentive contracts and the cost-reimbursement incentive contracts. Fixed-price incentive contract types include the fixed-price incentive (FPI) contract and the fixed-price with award fee (FPAF) contract. Cost-reimbursement incentive contract types include the cost-plus-incentive-fee (CPIF) contract and the cost-plus-award-fee (CPAF) contract. These four contract types focus largely on fee-based monetary incentives, and thus would have potential applicability and interest to commercial research organizations currently working under cost-plus-fixed-fee (CPFF) arrangements. Is there interest in any of these arrangements? If so, under what circumstances and how should the incentives be structured and administered? If not, why not? For educational and other nonprofit organizations, who typically perform basic and vaccine research for NIAID under cost-reimbursement (no fee) contracts, what performance incentives using a mechanism other than fee would be feasible and would they be of interest to the academic community? Please discuss and comment on the following possibilities: award of additional periods of contract performance (known as "award term" contracts); favorable disposition of data and other intellectual property rights; special recognition by NIH/NIAID of individual researchers; insertion into the contract of a direct reimbursable line item to compensate the research contractor for scientific meeting attendance, acquisition of research equipment, and/or the establishment of a merit award fund for outstanding research personnel. Discussion Area (5): What problems and risks might exist in utilizing performance-based contracting techniques in the basic research and vaccine research arenas? In particular, do the benefits of motivating contractor performance with performance incentives outweigh the administrative costs and time burden to the government and the contractor? What, if any, impact would the inclusion of performance incentives in future NIAID basic and vaccine research solicitations have on the decision to submit an offer? Would the NIAID research contracting community benefit from a public meeting at NIAID's Bethesda, MD, campus to discuss the information submitted in response to this notice?

IV. HOW TO RESPOND TO THIS NOTICE: **THIS IS NOT A SOLICITATION OR RFP. NO PROPOSALS ARE SOUGHT.** Please submit your information and comments, whether supportive or critical, to the Contracting Officer, Mr. Paul D. McFarlane, Contract Management Branch (CMB), National Institute of Allergy and Infectious Diseases (NIAID), National Institutes of Health (NIH), 6700-B Rockledge Drive, MSC 7612, Bethesda, MD 20892-7612 no later than Monday, January 22, 2001. Please submit the replies in hard copy and on diskette in Microsoft Word Version 6.0 or higher. You may also submit your responses to Mr. McFarlane electronically at Pmcfarlane@niaid.nih.gov. Electronic submissions should be submitted as an e-mail attachment in Microsoft Word Version 6.0 or higher. It would be helpful to repeat each question and provide your response beneath. Please submit the information in the same order and using the same numbering/lettering system in this notice to facilitate evaluation and organization by government reviewers. Interested parties who have or are planning to respond to the OFPP Notice of Solicitation of Public Interest (Federal Register, October 24, 2000, Volume 65, Number 206, Page 63628) are encouraged to attach their replies to that notice along with their replies to this notice. Replies will be separated from, and have no bearing on, subsequent evaluation of proposals submitted in response to any resulting formal Requests for Proposals (RFPs). The use of information received in response to this notice may be used by NIAID for acquisition planning and solicitation preparation activities. Any subsequent solicitations will be synopsized prior to their release. Eligibility in participating in a future acquisition does not depend upon a response to this notice. NIAID will not critique the responses to this notice and the notice should not be used by offerors to market their products/services. NIAID does not intend to pay for the information solicited and will not recognize any costs associated with responding to this RFI. Proprietary information is neither sought nor desired by NIAID. If such information is submitted, it must clearly be marked "proprietary" on every sheet containing such information, and the proprietary information must be segregated to the maximum extent practicable from other portions of the response (e.g., use an attachment or exhibit). Please direct any questions concerning this notice to Mr. McFarlane.